

## **Financial Report**

**St. John Parish Council on Aging  
LaPlace, Louisiana**

**June 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-30-05

## **TABLE OF CONTENTS**

### **Financial Report**

#### **St. John Parish Council on Aging LaPlace, Louisiana**

**June 30, 2004**

MANAGEMENT'S DISCUSSION AND ANALYSIS.....	1
INDEPENDENT AUDITOR'S REPORT .....	14
BASIC FINANCIAL STATEMENTS:	
A. GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
• EXHIBIT A - Statement of Net Assets.....	17
• EXHIBIT B - Statement of Activities.....	18
B. FUND FINANCIAL STATEMENTS:	
• EXHIBIT C - Fund Balance Sheet – Governmental Funds .....	20
• EXHIBIT D - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	21
• EXHIBIT E - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
C. EXHIBIT F - NOTES TO THE FINANCIAL STATEMENTS.....	23
SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34:	
• Budgetary Comparison Schedule – General Fund.....	59

• Budgetary Comparison Schedule – Title III B Fund .....	60
• Budgetary Comparison Schedule – Title III C-1 Fund .....	61
• Budgetary Comparison Schedule – Title III C-2 Fund .....	62
• Notes to Required Supplementary Information.....	63

#### SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA:

• Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds .....	67
• Comparative Schedule of Capital Assets and Changes in Capital Assets .....	68

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	69
--	----

SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	71
--	----

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS .....	75
---	----

MANAGEMENT LETTER.....	78
------------------------	----

MANAGEMENT'S CORRECTIVE ACTION PLAN .....	81
---	----

## **MANGEMENT'S DISCUSSION AND ANALYSIS**

### **St. John Parish Council on Aging**

The following discussion and analysis of the St. John Parish Council on Aging's financial performance provides an overview of the Council's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts and should be read in conjunction with the basic financial statements, which follow. This discussion and analysis does not include comparative data for prior years for the government-wide financial statements, since this information is not available for the first year of implementation for Government Accounting Standards Board (GASB) Statement Number 34. Future years will include a comparative analysis of government-wide data.

#### ***FINANCIAL HIGHLIGHTS***

- The Council showed an increase in overall net assets of \$29,984, or 14.7%.
- Net capital assets of the Council increased by \$29,016, or 78.9%.
- The Council's fund revenues increased by \$11,555, or 2.6%.
- Fund expenditures increased by \$23,774, or 5.5%.
- The unreserved, undesignated fund balance for the Council's General Fund was \$159,209, at year-end, which is a \$14,328 or 9.9% increase from the prior year.
- No deficit fund balances existed at year-end.

#### **HOW TO USE THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 17 and 18) provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. Fund financial statements begin on page 20. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

The Council's auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about the Supplementary Financial Information required by GASB Statement 34 and GOEA that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Council on Aging**  
**(Continued)**

**REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS**

Management's analysis of the Council as a whole begins on page 5. An important point to consider is whether or not the Council's finances, as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements, found on pages 17 and 18, report the Council's net assets and changes in them. The Council has restricted net assets of \$2,788, which must be used for specific purposes, whereas \$173,689 of its net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of five primary programs that include supportive social services, nutritional services, family caregiver support, disease prevention and health promotion, and senior citizen center operations. Subprogram activities are also presented to facilitate additional analysis. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. The Council

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
(Continued)

does not have any business-type activities and it did not directly charge any person or entity who received any service a fee to receive the service during the year.

**REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING FUND FINANCIAL STATEMENTS**

The Fund Financial Statements on pages 20 and 21 provide detailed information about the Council's most significant funds, not the Council as a whole entity. In the Fund Financial Statements, there are column presentations for a General Fund, three Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund balances of the governmental funds are presented in a reconciliation at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balance for the governmental funds and the change in net assets for the governmental activities has been presented in a reconciliation on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is believed to be important to present to the Council's financial statement users.

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with GASB's other RSI, which is included later in this reporting package.

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 67 and 68. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

**AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The following amounts reflect condensed information on the Council's net assets:

	<u>2004</u>
Current and Other Assets:	
Current Assets	\$ 198,414
Capital Assets, net of depreciation	<u>65,775</u>
Total Assets	<u>264,189</u>
Current Liabilities	23,481
Long-term Liabilities	<u>7,156</u>
Total Liabilities	<u>30,637</u>
Net Assets:	
Invested in Capital Assets, net of related debt	57,075
Restricted	2,788
Unrestricted	<u>173,689</u>
Total Net Assets	<u>\$ 233,552</u>

Similar condensed financial information about the Council's net assets for 2003 is not available for us to present a comparison because this is our first year to implement GASB 34's reporting requirements.

As of June 30, 2004, the Council "as a whole" had assets greater than its liabilities of \$233,552. About 74% of the Council's total net assets are unrestricted as of June 30, 2004. It is important that the Council have unrestricted net assets so that we will have resources available to adapt to changes in the economy, emergencies, unanticipated service needs and a reduction in or termination of grant revenues by government agencies.

The Council's restricted net assets represent about 1.2% of the Council's total net assets. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

The net assets that have been invested in capital assets are presented net of any related outstanding debt to acquire them. For the year presented, there are \$8,700 of capital lease obligations subtracted from the capital asset amount.

Current assets include \$183,934 of funds in the Council's checking accounts. The Council maintains three separate interest bearing checking accounts to help facilitate cash management. Property tax collections are deposited into one checking account and held there until they are needed to pay the Council's bills. The Council earned \$2,428 of interest income from these accounts in fiscal year 2004.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

The following table illustrates the revenues and expenses that produced the increase in net assets for the fiscal year.

<u>Revenues</u>		<u>% of Total</u>
Program Revenues:		
Operating Grants and Contributions	\$ 196,507	43.59%
Capital Grants and Contributions	26,881	5.96%
General Revenues:		
Property Taxes	167,772	37.21%
Unrestricted Grants and Contributions	57,263	12.70%
Investment Income	2,428	0.54%
<b>Total Revenues</b>	<b>450,851</b>	<b>100.00%</b>
<b>Direct Program Expenses of the Health, Welfare, and Social Services Function:</b>		
Supportive Services:		
Transportation of the elderly	91,914	21.84%
Other supportive services	38,831	9.23%
Nutrition Services:		
Congregate Meals	66,971	15.91%
Home-delivered Meals	77,291	18.36%
Family Caregiver Support	10,851	2.58%
Disease Prevention and Health Promotion	1,875	0.45%
Senior Citizen Center Operations	17,695	4.20%
Interest and Finance Charges	608	0.14%
<b>Direct Administrative Expenses</b>	<b>114,831</b>	<b>27.28%</b>
<b>Total Expenses</b>	<b>420,867</b>	<b>100.00%</b>
<b>Increase in Net Assets</b>	<b>29,984</b>	
Net Assets, beginning of the year	203,568	
<b>Net Assets, end of the year</b>	<b>\$ 233,552</b>	

The table above presents in a more summarized version the revenues and expenses of the Council's governmental activities for FY 2004 than does the Statement of Activities.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

Most of the Council's activities are funded by a local property tax and federal and state grants.

The gross proceeds from the property tax were \$174,767. The St. John the Baptist Parish Government withheld \$6,995 of the gross proceeds to pay for the Council's pro-rata share of the pension expense relating to the public employees of St. John the Baptist Parish, which resulted in the Council receiving net property tax proceeds of \$167,772. In the Statement of Activities the net proceeds of the property taxes has been presented as a general revenue because this money can be used to benefit any of the Council's programs. Further, management has elected to offset the gross property tax amount with the amount kept by the Parish rather than add it to the Council's administrative expenses because the \$6,995 is in reality not an administrative expense of the Council. The net proceeds of the property tax represent about 37% of the Council's total governmental activity revenue. Obviously, without this source of revenue the Council's operations would have to be curtailed significantly.

Program revenues, which are comprised mainly of government grants and restricted public support, amounted to \$233,388, or about 50% of the Council's total governmental activity revenues. These revenues must be used for the purposes for which they were given or granted to the Council.

The Council also received \$57,263 of unrestricted public support and grants, which were available for management to use at its discretion. This type of revenue comprised about 13% of the Council's revenues.

The expenses in the table above have been presented by primary programs, with some additional details about the subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year. The expense allocations are a good indication of the demand for each type of service.

The Council had a \$29,984 increase in its net assets for the year. There is a reconciliation that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances that presents an analysis of why there are differences between that fund statement and the government-wide Statement of Activities. Using this reconciliation, you can get a better idea about why the Council had an increase in its net assets this year.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

In future years, a more in-depth comparative analysis of revenues and expenses will be presented. The comparative information for fiscal year 2003 is not available because this is the Council's first year to implement GASB 34's reporting requirements.

**AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of St. John the Baptist Parish and right now these two services are in the greatest demand. However, there is a growing demand for family caregiver type services. As this demand increases, management will need to adjust its annual budget to reallocate available resources to meet the demand.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that almost all of the governmental activities have more expenses than revenues. In other words, they are not self-supporting. The Legal Assistance program of the Supportive Services section gives an appearance of supporting itself because the net expenses are zero. However, this program is not allocated any indirect costs because all services are subcontracted and GOEA does not permit an allocation of indirect costs in "full service" type cases.

As previously mentioned, none of the programs are self-supporting. This financial relationship is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, the Council would have a difficult time providing services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services as well as reallocating them to meet future demands.

Another indication of how money is used efficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2004, total administration expenses were \$114,831, or 27.28% of total expenses. Administration expenses include indirect type costs meaning that the costs are not specifically identified with a particular program, but benefit all programs. The information for 2003 is not available for comparative purposes, as previously mentioned.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

**AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**Fund Balances**

The Council showed a combined governmental fund balance of \$166,784 (as shown on the Fund Financial Statement's Balance Sheet on page 20) at the end of this year, which is an increase of \$7,392 over the prior year. The General Fund increased by \$9,332 this year, and the combined fund balances of the Special Revenue Funds decreased by \$1,940.

**Revenues**

The combined fund revenues increased \$11,555 this year versus last year, as shown in the table below.

	FY 04	FY 03	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Property Taxes	\$ 172,491	\$ 170,143	\$ 2,348	1.38%
Intergovernmental	241,985	228,383	13,602	5.96%
Public Support	38,666	42,192	(3,526)	-8.36%
Interest Income	2,428	2,849	(421)	-14.78%
Miscellaneous	0	448	(448)	-100.00%
Total Revenues	\$ 455,570	\$ 444,015	\$ 11,555	<u>2.60%</u>

The increase in property taxes is a function of an increasing property tax base in St. John the Baptist Parish. The increase in Intergovernmental revenue is primarily due to the Council receiving \$8,857 of increased federal matching funds under a capital assistance program and \$2,024 of Senior Center grant funds in FY 2004.

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

**Expenditures**

Total expenditures increased by \$23,774 this year, as shown in the table below.

	FY 04	FY 03	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Personnel	\$ 135,529	\$ 136,312	\$ (783)	-0.57%
Fringe	26,139	25,206	933	3.70%
Travel	8,030	7,786	244	3.13%
Operating Services	63,589	64,272	(683)	-1.06%
Operating Supplies	29,063	29,599	(536)	-1.81%
Other Costs	11,554	11,500	54	0.47%
Meals	108,746	106,088	2,658	2.51%
Full Service Contracts	14,300	14,348	(48)	-0.33%
Utility Assistance	9,338	7,830	1,508	19.26%
Capital Outlay	43,052	24,151	18,901	78.26%
Debt Service	1,294	0	1,294	100.00%
Intergovernmental	6,995	6,763	232	100.00%
	<u>\$ 457,629</u>	<u>\$ 433,855</u>	<u>\$ 23,774</u>	<u>5.48%</u>

The Council's spending patterns in recent years have taken on predictable patterns. As you can see from the table above, most of the expenditure types have small increases or decreases in either their amounts or percentages. However, capital outlay expenditures increased significantly because the Council purchased a new van under the capital assistance program for the elderly and disabled persons in 2004 that cost about \$11,000 more than the van it acquired in a similar program in 2003. The Council also acquired 2 photocopy machines with a total cost of \$9,451 in FY 2004.

Also note that in preparing the table of comparative expenditures above, FY 2003 recreational activity supplies and audit costs have been reclassified in the FY 2003 expense categories to match up with how they were classified in FY 2004 to make the comparisons more accurately reflect what happened.

**AN ANALYSIS OF THE GENERAL FUND BUDGET**

The original General Fund budget was not amended during FY 2004 so it also represents the final budget. When comparing this budget to the actual results Capital Outlay expenditures and Other

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

Financing Sources had significant changes because the Council unexpectedly entered into capital leases for two copy machines.

When comparing the budget versus actual amounts, note that the Council had a net favorable variance of \$16,052. This net favorable variance can be summed up as follows:

- Transfers to other programs were budgeted in the aggregate to be \$193,129 whereas actual needs only required \$181,333 of transfers from the General Fund, resulting in a favorable variance of \$11,796. This favorable variance indicates that the programs of the Special Revenue Funds did not require as much General Fund resources to cover their operating deficits as was expected.
- Unexpected additional funding from United Way resulted in a favorable variance of \$3,500 in Public Support.

These two items comprise \$15,296 of the Council's total favorable variance of \$16,052 or 95.3%. The remaining favorable and unfavorable variances within the General Fund are well within the expectations of management and require no further explanation.

**AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the year, the Council had \$65,775 in capital assets net of accumulated depreciation. This amount is a net increase over last year of \$29,016.

Capital Assets, Net of Depreciation			
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>Increase (Decrease)</u>
Vehicles	\$ 40,399	\$ 18,024	\$ 22,375
Computer Equipment	973	1,297	(324)
Capital Leases - office equipment	7,876	-	7,876
Recreation Equipment	1,859	2,304	(445)
Leasehold Improvements	14,668	15,134	(466)
	<u>\$ 65,775</u>	<u>\$ 36,759</u>	<u>\$ 29,016</u>

**MANGEMENT'S DISCUSSION AND ANALYSIS**  
**St. John Parish Council on Aging**  
**(Continued)**

During fiscal year 2004 capital additions were \$43,052, which consisted of 1 van (\$33,601) and two copy machines financed through capital lease agreements (\$9,451).

As of June 30, 2004, two vans with zero book values were idle and awaiting sale.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Council receives about 50% of its annual funding from federal and state agencies and about 37% of its annual revenues from property taxes. For fiscal year 2005, management does not expect any significant increases or decreases associated with either one of these primary revenue sources. Accordingly, management has prepared a budget for fiscal year 2005 with the objective of meeting its fiscal year 2004 units of service in each program with room to increase some of them if the demand arises. The initial budget for fiscal year 2005 projects \$421,782 of expenditures. There are no plans to add or terminate any programs in fiscal year 2005.

**CONTACTING THE COUNCIL'S MANAGEMENT**

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Barbara Gralapp, Executive Director at 1805 W Airline Highway, La Place, Louisiana, 70068 or by phone at (985) 652-3660.

# NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

14481 OLD HAMMOND HIGHWAY, SUITE 4

BATON ROUGE, LA 70818

(225) 272-1177

MEMBER OF THE  
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE  
AMERICAN INSTITUTE OF CPAs

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
St. John Parish Council on Aging  
LaPlace, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. John Parish Council on Aging, LaPlace, Louisiana, (the Council) as of and for the year ended June 30, 2004, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1c to the financial statements, the Council has implemented a new financial reporting model, as required by the provisions of GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 28, 2004, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Management's Discussion and Analysis on pages 1 through 13 and budgetary comparison schedules on pages 59 through 62 are supplementary information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs. None of the required supplementary financial information is required to be a part of the Council's basic financial statements. However, all of this supplementary information has been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,  
October 28, 2004.

A handwritten signature in black ink that reads "Neil Ferrari, CPA". The signature is written in a cursive, flowing style.

Neil G. Ferrari, CPA

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**EXHIBIT A**

**STATEMENT OF NET ASSETS**  
**St. John Parish Council on Aging**  
**LaPlace, Louisiana**  
**June 30 , 2004**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 183,934
Property Taxes Receivable	9,693
Prepaid expenses	<u>4,787</u>
Total current assets	198,414
Capital assets, net of accumulated depreciation	<u>65,775</u>
Total Assets	<u>264,189</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable to various vendors	18,917
Payroll taxes payable	3,020
Capital lease obligation - current portion	<u>1,544</u>
Total current liabilities	23,481
Long-term Liabilities:	
Capital lease obligation - non-current portion	<u>7,156</u>
Total Liabilities	<u>30,637</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, net of related debt	57,075
Restricted for:	
Utility Assistance	1,567
Police Alert Lights for the Elderly	1,221
Unrestricted	<u>173,689</u>
Total Net Assets	<u>\$ 233,552</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

## EXHIBIT B

## STATEMENT OF ACTIVITIES

St. John Parish Council on Aging  
LaPlace, Louisiana  
For the year ended June 30, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Increase (Decrease) in Net Assets
	Direct Expenses	Indirect Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>					
<b>Health, Welfare &amp; Social Services:</b>					
Supportive Services:					
Transportation of the elderly	\$ 91,914	\$ 26,751	\$ 42,222	\$ 26,881	\$ (49,562)
Homemaker	3,722	1,234	1,319	0	(3,637)
Medic Alert	1,322	438	639	0	(1,121)
Information and Assistance	6,295	2,087	1,608	0	(6,774)
Outreach	7,630	2,530	1,770	0	(8,390)
Recreation	8,571	2,694	2,325	0	(8,940)
Wellness	379	126	122	0	(383)
Legal Assistance	1,574	0	1,574	0	0
Utility Assistance	9,338	0	7,398	0	(1,940)
Nutrition Services:					
Congregate Meals	66,971	22,203	51,628	0	(37,546)
Home Delivered Meals	77,291	25,624	57,137	0	(45,778)
Disease Prevention and Health Promotion	1,875	622	1,925	0	(572)
Family Caregiver Support	10,851	3,598	13,871	0	(578)
Senior Citizen Center Operations	17,695	5,866	0	0	(23,561)
Interest and Finance Charges	608	0	0	0	(608)
<b>Administration</b>	114,831	(93,773)	12,969	0	(8,089)
<b>Total governmental activities</b>	<b>\$ 420,867</b>	<b>\$ 0</b>	<b>\$ 196,507</b>	<b>\$ 26,881</b>	<b>\$ (197,479)</b>
General Revenues:					
Grants and contributions not restricted to specific programs				57,263	
Property Taxes, net of \$6,995 retained by the Parish				167,772	
Interest Income				2,428	
Total general revenues					227,463
Increase (Decrease) in net assets					29,984
Net assets - beginning of the year					203,568
Net assets - end of the year					\$ 233,552

The accompanying notes to the basic financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**FUND BALANCE SHEET  
GOVERNMENTAL FUNDS**

**St. John Parish Council on Aging  
LaPlace, Louisiana  
June 30, 2004**

	<b>General Fund</b>	<b>Title III B</b>	<b>Title III C-1</b>	<b>Title III C-2</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash	\$ 163,450	\$ 5,235	\$ 6,730	\$ 5,289	\$ 3,230	\$ 183,934
Property taxes receivable	9,693	0	0	0	0	9,693
Prepaid expenditures	4,787	0	0	0	0	4,787
Total Assets	<u>\$ 177,930</u>	<u>\$ 5,235</u>	<u>\$ 6,730</u>	<u>\$ 5,289</u>	<u>\$ 3,230</u>	<u>\$ 198,414</u>

**LIABILITIES AND FUND BALANCES**

**Liabilities**

Accounts payable to various vendors	0	5,235	6,730	5,289	1,663	18,917
Payroll taxes payable	3,020	0	0	0	0	3,020
Deferred property tax revenue	9,693	0	0	0	0	9,693
Total Liabilities	<u>12,713</u>	<u>5,235</u>	<u>6,730</u>	<u>5,289</u>	<u>1,663</u>	<u>31,630</u>

**Fund Balances**

Reserved, reported in:

General Fund:

Prepaid expenditures	4,787	0	0	0	0	4,787
Police alert lights for the elderly	1,221	0	0	0	0	1,221

Unreserved/Undesignated, reported in:

General Fund	159,209	0	0	0	0	159,209
Special Revenue Funds	0	0	0	0	1,567	1,567

Total Fund Balances	<u>165,217</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,567</u>	<u>166,784</u>
---------------------	----------------	----------	----------	----------	--------------	----------------

Total Liabilities and Fund Balances	<u>\$ 177,930</u>	<u>\$ 5,235</u>	<u>\$ 6,730</u>	<u>\$ 5,289</u>	<u>\$ 3,230</u>	
-------------------------------------	-------------------	-----------------	-----------------	-----------------	-----------------	--

**Amounts reported for governmental activities in the statement of net assets are different because:**

- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	65,775
- Capital leases obligations are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.	(8,700)
- Deferred property tax revenue are expected to be collected, but are not available soon enough to pay for the current period's expenditures, and therefore are not recorded in governmental funds.	9,693

<b>Net Assets of Governmental Activities</b>	<u>\$ 233,552</u>
--	-------------------

The accompanying notes to the basic financial statements are an integral part of this statement.

## EXHIBIT D

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**St. John Parish Council on Aging  
LaPlace, Louisiana  
For the year ended June 30, 2004**

	<b>General Fund</b>	<b>Title III B</b>	<b>Title III C-1</b>	<b>Title III C-2</b>	<b>Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 21,048	\$ 50,115	\$ 38,849	\$ 29,247	\$ 75,845	\$ 215,104
Louisiana Department of Transportation	0	0	0	0	26,881	26,881
Property Taxes	172,491	0	0	0	0	172,491
Public Support (Restricted):						
Client contributions	0	1,464	12,779	7,025	0	21,268
Various utility companies	0	0	0	0	7,398	7,398
Public Support (Unrestricted):						
United Way	10,000	0	0	0	0	10,000
Interest Income	2,428	0	0	0	0	2,428
Total revenues	<u>205,967</u>	<u>51,579</u>	<u>51,628</u>	<u>36,272</u>	<u>110,124</u>	<u>455,570</u>
<b><u>EXPENDITURES</u></b>						
Health, Welfare, & Social Services:						
Current:						
Personnel	0	75,310	9,545	25,285	25,389	135,529
Fringe	0	14,303	2,728	5,292	3,816	26,139
Travel	0	557	107	7,265	101	8,030
Operating Services	0	36,359	8,005	10,499	8,726	63,589
Operating Supplies	0	16,003	6,473	5,553	1,034	29,063
Other Costs	293	586	794	591	9,290	11,554
Meals	0	0	60,962	47,784	0	108,746
Full Service Contracts	0	1,574	0	0	12,726	14,300
Utility Assistance	0	0	0	0	9,338	9,338
Capital Outlay	16,171	0	0	0	26,881	43,052
Debt Service - Capital leases:						
Principal retirement	751	0	0	0	0	751
Interest	543	0	0	0	0	543
Intergovernmental	6,995	0	0	0	0	6,995
Total expenditures	<u>24,753</u>	<u>144,692</u>	<u>88,614</u>	<u>102,269</u>	<u>97,301</u>	<u>457,629</u>
Excess of revenues over (under) expenditures	181,214	(93,113)	(36,986)	(65,997)	12,823	(2,059)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Operating transfers in	0	93,113	36,986	65,997	9,927	206,023
Operating transfers out	(181,333)	0	0	0	(24,690)	(206,023)
Other financing sources- capital leases	9,451	0	0	0	0	9,451
Net increase (decrease) in fund balances	9,332	0	0	0	(1,940)	7,392
<b><u>FUND BALANCE (DEFICIT)</u></b>						
Beginning of year	155,885	0	0	0	3,507	159,392
End of year	<u>\$ 165,217</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,567</u>	<u>\$ 166,784</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**EXHIBIT E**

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities**

**St. John Parish Council on Aging  
LaPlace, Louisiana**

**For the year ended June 30, 2004**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$ 7,392
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$43,052) exceeds depreciation (\$14,036) in the current period.	29,016
Because some property taxes will not be received within 60 days of the end of the fiscal year, they are not considered "available" revenues in the governmental funds. They are, however, recorded as revenues in the statement of activities.	9,693
Deferred property tax revenues on the prior year's fund balance sheet were received in the current fiscal year and have been recognized as revenues in the current year's fund financial statements. However, this same amount had already been recognized as revenue in the prior year's statement of activities.	(7,417)
Governmental funds report capital lease obligations as other financing sources. In the governmental activities, however, a capital lease obligation is reflected as a liability.	(9,451)
Repayment of capital lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	751
Increase (Decrease) of Net Assets of Governmental Activities	<u>\$ 29,984</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**St. John Parish Council on Aging  
LaPlace, Louisiana**

**June 30, 2004**

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**

The accounting and reporting policies of the St. John Parish Council on Aging (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

**a. Purpose of the Council on Aging**

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in St. John the Baptist Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**a. Purpose of the Council on Aging - (Continued)**

Specific services provided by the Council to the elderly residents of St. John the Baptist Parish include providing congregate and home delivered meals, transportation, information and assistance, outreach, utility assistance, homemaker services, recreation, wellness, legal assistance, medic alert units, disease prevention & health promotion, family caregiver support, and operating senior citizens centers.

**b. Reporting Entity**

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The St. John Parish Council on Aging (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on March 28, 1973 and subsequently incorporated on May 15, 1973 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**b. Reporting Entity - (Continued)**

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of representatives of St. John the Baptist Parish's general public who are interested in and have the time and desire to serve the needs of the elderly. Board members are elected by the general membership of the Council. Membership in the Council is open to the general public. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a special-purpose, stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

**c. New Accounting Standards Adopted**

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. For the fiscal year that began July 1, 2003, the Council was required to adopt a new financial reporting model to comply with the provisions of Statement 34. In addition to Statement No. 34, GASB also issued other statements that have been adopted and their requirements have been reflected in this year's financial statements. Those other statements are: Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Statement No. 40, *Deposit and Investment Risk Disclosures*. As a result, certain significant changes have occurred that may materially affect the comparability of these financial

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**c. New Accounting Standards Adopted - (Continued)**

statements with those issued in previous years. Significant changes include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations.
- Governmental-Wide Financial Statements prepared using full accrual basis accounting for all of the Council's activities.
- A change in the Fund Financial Statements to focus on the major governmental funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

**d. Basis of Presentation of the Basic Financial Statements**

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Government-Wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the *Statement of Activities for all activities of the Council*. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities generally are supported by intergovernmental and property tax revenues.

In the government-wide Statement of Net Assets only one column of numbers has been presented. The amounts are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and restricted contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA administrative funds are allocated to the Council's other functions and programs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities. Contributions, grants, property taxes, interest income, and miscellaneous revenues that are not properly included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Fund Financial Statements:**

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

**The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The following are brief descriptions of the programs that comprise the Council's General Fund:

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Local**

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, revenues, such as: proceeds of a property tax assessment, donations from the general public, allocations from the United Way, interest income earned on unrestricted fund balances, and net proceeds from the sale of fixed assets, are recorded in the local program of the General Fund. Most funds are unrestricted and may be used at the Council's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to the budget limitations or the nature of the expenditure, are generally charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues.

**PCOA**

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 year old. In this fiscal year, the Council transferred all of its PCOA funds to the Title III B Fund to pay for program expenditures that exceeded the grant reimbursements from GOEA.

The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Major Governmental Funds:**

**Title III B Fund**

The Title III B Fund is used to account for funds that are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
Outreach	63
Information and Assistance	202
Homemaker	378
Recreation	3,839
Transportation for people age 60 or older	9,745
Legal assistance	37
Medic Alert	49
Utility Assistance	12

**Title III C-1 Fund**

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older at senior centers in LaPlace and Edgard and at an additional meal site in Place DuBourg. During the year the Council served 19,634 meals to people eligible to participate in this program. In addition to the meals serviced, the Council also provided 130 units of nutritional education to eligible participants under this program.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Title III C-2 Fund**

Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 15,973 home-delivered meals.

**Nonmajor Governmental Funds:**

**Title III C Area Agency Administration Fund**

The Title III C Area Agency Administration Fund is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the aging. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. Indirect costs are not allocated to all funds because program restrictions may prohibit or limit the payment of administrative type costs.

**Title III D Fund**

The Title III D Fund is used to account for funds used for medication management, disease prevention and health promotion (wellness) activities. During the year, the Council provided 345 units of wellness service and 164 units of medication management under this program.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Title III E Fund**

The Title III E Fund is used to account for funds relating to the National Family Caregiver Support program. The National Family Caregiver Support program is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. This program targets older, low-income individuals. Specific types of services that can be provided by this program include: Adult Day Care, Adult Health Care, Material Aid, Case Management, Personal Care, Counseling, Support Groups, Respite Care, Sitter Service, and Information and Assistance.

Eligible participants include (1) adult family members, or another adult person, who provides uncompensated in-home and community care to an older person who needs supportive services or (2) grandparents, or a person 60 years of age or older, who is related to a child by blood or marriage and (1) lives with the child, (2) is the primary caregiver, and (3) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 264 units of in-home respite and 187 units of sitter service.

**Senior Center Fund**

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council's senior centers are located in LaPlace and Edgard. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. During the year, the Council used its Senior Center funds to pay for the costs of operating the senior citizens centers.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Supplemental Senior Center Fund**

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. The Council was one of the parish councils to receive a supplemental grant of \$3,825. GOEA provided these funds to the Council. The money received by this fund during the year was transferred to the Title III B Fund to help pay for the costs of operating the centers.

**NSIP Fund**

The NSIP Fund is used to account for the administration of Nutrition Services Incentive Program funds provided by the Administration on Aging, U.S. Department of Health and Human Services, to GOEA, which in turn "passes through" the funds to the Council. GOEA distributes NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. Using this formula, the Council receives from GOEA approximately 59 cents per congregate and home-delivered meal it serves. The primary purpose of the NSIP reimbursement is to provide money to buy food that will be used in the preparation of congregate and home-delivered meals under nutrition service programs. The food that is purchased for these purposes must be of United States origin or be commodities from the United States Department of Agriculture.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Basis of Presentation of the Basic Financial Statements - (Continued)**

**FTA Fund**

The FTA Fund is used to account for the acquisition of vehicles purchased in part with federal funds under the U.S. Department of Transportation, Federal Transit Administration's (FTA) capital assistance program for the elderly and persons with disabilities. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. The Council acquired one van this year under the FTA program.

**Audit Fund**

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost of the audit was \$9,002 whereas the supplement was \$1,141. The additional audit expense of \$7,861 was paid by a transfer of funds from the General Fund.

**Utility Assistance Fund**

This fund is used to account for the administration of two utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. During the year, the Council provided funds on 63 different occasions to assist people with paying their utility bills. The maximum amount of assistance a person can receive in one year is usually limited to \$200 from each program.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**e. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

- **Government-wide Financial Statements - Accrual Basis**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

- **Fund Financial Statements - Modified Accrual Basis**

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**f. Interfund Activity**

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the government-wide financial statements.

**g. Cash and Cash Equivalents**

Cash includes interest-bearing and non-interest bearing demand deposits and petty cash. Cash equivalents include amounts in time deposits and time investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts, which equals their fair values. During the fiscal year, the Council did not have any cash equivalents.

**h. Receivables**

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**i. Prepaid Expenses/Expenditures**

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, the Council has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

**j. Capital Assets**

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Government-Wide Financial Statements**

Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide Statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment - other than computers	6 to 10 years
Vehicles	5 years
Computer equipment	5 years
Leasehold improvements	40 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Fund Financial Statements**

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation and amortization are not computed or recorded on capital assets for purposes of the fund financial statements.

**k. Non-Current (Long-term) Liabilities**

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities in the government-wide statements. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements.

**l. Unpaid Compensated Absences**

The Council's annual and sick leave policy requires employees to consume any annual or sick leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30<sup>th</sup> of every year. As a result, the Council has not accrued a liability for any unused leave in the financial statements.

The Council's management has this policy to minimize the Council's exposure to a liability for which the Council may not have the funds to pay.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**m. Deferred Revenue**

Deferred grant revenues arise when grant monies are received before the occurrence of qualifying expenditures. The Council reports deferred grant revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred grant revenue is removed from the Statement of Net Assets and the Balance Sheet, whichever the case might be. There were no deferred grant revenues at year-end.

Deferred property tax revenues arise when property taxes are expected to be received but not within 60 days after the end of the Council's fiscal year in which the taxes were levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Assets, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized.

**n. Net Assets in the Government-wide Financial Statements**

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- Invested in capital assets, net of related debt – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, capital lease obligations, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council had capital lease obligations that were related to capital assets.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**n. Net Assets in the Government-wide Financial Statements - (Continued)**

- Restricted net assets – This component consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's policy is to use restricted resources first to finance its activities, except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSIP contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Quite often, unrestricted resources are available for use that must be consumed or they will have to be returned to the grantor agency. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, in this case, the Council will depart from its usual policy of using restricted resources first.

**o. Fund Equity – Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**o. Fund Equity - Fund Financial Statements - (Continued)**

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council's Board of Directors. There were no designated fund balances at year-end.

**p. Management's Use of Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**q. Allocation of Indirect Expenses**

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. The net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

**r. Elimination and Reclassifications**

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Note 2 - REVENUE RECOGNITION**

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

**Note 3 - REVENUE RECOGNITION - PROPERTY TAX**

During fiscal year 1995 the Council began receiving funds from a property tax which was adopted by the voters of St. John the Baptist Parish to provide money to finance the Council's operations. The Parish's Assessor began levying the property tax on November 15, 1994, and will continue to do so each year through November 15, 2003. The tax will be based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January preceding the annual levy date (Nov. 15<sup>th</sup>) will be used as the date to value the property subject to tax. The property tax was renewed by the voters for an additional ten years in July, 2004.

The gross assessed value as of January 1, 2003, of the certified tax roll was \$243,957,710. After applying homestead exemptions of \$67,444,625, the net assessed value upon which the Council's property tax was computed was \$176,513,085. One mill is the maximum amount the Council may legally elect to assess property owners each year. However, the Council did not elect to assess the maximum amount. Instead, it elected to use the Parish Assessor's "rolled back" amount of .99 mill for tax year 2003. Accordingly, management estimates the gross amount of property tax payable to the Council for the fiscal year to be approximately \$174,748.

**Note 3 - REVENUE RECOGNITION - PROPERTY TAX - (Continued)**

Property taxes are due on November 15 and are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The St. John the Baptist Parish Sheriff acts as the collection agent for property taxes.

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. As the Sheriff collects the taxes, they are forwarded to the St. John the Baptist Parish Council where they are deposited into a separate account maintained by the Parish Council for the benefit of the Council on Aging. However, the Council on Aging does not recognize revenue in the fund financial statements until the Parish Council remits the property taxes to it. Under the modified accrual basis of accounting the property taxes are not "available" to the Council until the Parish releases the funds.

Management has estimated that substantially all of the total tax assessed for this year will be collectible. Accordingly, no allowance for uncollectible property taxes has been recorded. Management's estimate was based upon the Council's historical experience in collecting the taxes.

The property tax revenues reported in the fund financial statements do not include any amounts that are due and remain uncollected by the Sheriff. However, property tax revenues include amounts withheld by the Sheriff to make "on-behalf payments for fringe benefits" which represent the Council's pro-rata share of retirement plan contributions for other governmental units of the parish. (See Note 18).

**Note 4 - CASH MANAGEMENT AND BANK DEPOSITS**

As described in Louisiana law, the Council is classified as a quasi-public agency. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. The Council, however, has a policy to follow state law in an effort to minimize the risks associated with bank deposits that exceed those covered by FDIC insurance. Accordingly, the Council's management obtains collateralization for deposits at financial institutions that exceed FDIC insurance.

At June 30, the carrying value of the Council's cash was \$183,934 and the corresponding bank balance at Hibernia National Bank was \$187,019. The difference of \$3,085 was principally due to outstanding checks. Deposits in excess of the \$100,000 FDIC insurance are uninsured but have been collateralized by securities pledged by the bank and held for the benefit of the Council by the Federal Reserve Bank in New Orleans.

The Council's operating checking account serves as a consolidated bank account. The consolidated bank account serves as a means for paying all of the bills and depositing most of the money collected by the Council. This account is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash balances to temporarily cover any negative cash balances in other funds. The other checking accounts are used for disbursing payroll and receiving property tax remittances from the Parish.

**Exhibit F**  
**(Continued)**

**Note 5 - CHANGES IN CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**

A summary of changes in capital assets and related accumulated depreciation is as follows:

<b>Capital Assets Being Depreciated</b>	<b>Balance June 30, 2003</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2004</b>
Vans	\$ 169,823	\$ 33,601	\$ 0	\$ 203,424
Computer equipment	1,621	0	0	1,621
Capital leases:				
Office equipment	0	9,451	0	9,451
Recreation equipment	3,221	0	0	3,221
Leasehold improvements	18,621	0	0	18,621
Total Capital Assets	<u>193,286</u>	<u>43,052</u>	<u>0</u>	<u>236,338</u>
Accumulated Depreciation :				
Vans	151,799	11,226	0	163,025
Computer equipment	324	324	0	648
Capital leases - office equipment	0	1,575	0	1,575
Recreation equipment	917	445	0	1,362
Leasehold improvements	3,487	466	0	3,953
Total Accumulated Depreciation	<u>156,527</u>	<u>14,036</u>	<u>0</u>	<u>170,563</u>
Capital Assets, Net of Depreciation	<u>\$ 36,759</u>	<u>\$ 29,016</u>	<u>\$ 0</u>	<u>\$ 65,775</u>

As of June 30, 2004, two vans with zero book value are idle and awaiting sale.

None of the above amounts includes any donated asset.

Depreciation was charged to governmental activities as follows:

Administration	\$ 2,365
Supportive Services:	
Transportation of the Elderly	11,226
Recreation	<u>445</u>
Total depreciation expense for governmental activities	<u>\$ 14,036</u>

**Note 6 - PREPAID EXPENDITURES AND EXPENSES**

At year-end, prepaid expenditures in the Fund Balance Sheet and prepaid expenses in the Statement of Net Assets consisted of the following:

- Insurance premiums \$ 4,787

**Note 7 - FUND BALANCES - FUND FINANCIAL STATEMENTS**

At year-end, one special revenue fund had a remaining fund balance. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to these policies.

The Council has \$1,567 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability.

Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B Fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the other Title III B activities separately from the utility assistance activities.

**Note 8 - IN-KIND CONTRIBUTIONS**

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

The Council received the following in-kind contributions during the year. The senior center locations in LaPlace and Edgard were furnished by the St. John the Baptist Parish Council without charge for rent or insurance. The meal site at Place Dubourg was furnished by the Archdiocese of St. John the Baptist Parish without charge for rent, insurance, and utilities. The St. John the Baptist Parish Sheriff's Department allows the Council to buy gas through it at discounted prices that saves the Council money. Also, the workers who serve lunch at the LaPlace Senior Citizens Center volunteer their services. The Council would have to hire employees to serve meals if not for these volunteers. The Council's management has estimated the value of these in-kind contributions using information furnished by the donors. A summary of the in-kind contributions and their estimated values is as follows:

Facility usage	\$ 15,600
Savings on gasoline	493
Meal service volunteers	<u>28,933</u>
Total	<u>\$ 45,026</u>

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been \$1,248 for Administration, \$4,237 for the various Supportive Services, \$34,393 for Nutrition Services, \$156 for Disease Prevention and Health Promotion, \$156 for Family Caregiver Support, and \$4,836 for Senior Citizen Center operations.

**Note 9 - BOARD OF DIRECTORS' COMPENSATION**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

**Note 10 - INCOME TAX STATUS**

The Council, a non-profit corporation, is exempt from federal income taxation under Sections 501 (c)(3) of the Internal Revenue Code, and as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

**Note 11 - JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES**

There is no litigation pending against the Council at year-end. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by the Council's insurance or resolved without any material impact upon the Council's financial statements.

**Note 12 - CONTINGENCIES - GRANT PROGRAMS**

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that might be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

**Note 13 - ECONOMIC DEPENDENCY**

The Council receives the majority of its revenue from funds provided through grants administered by the Governor's Office of Elderly Affairs (GOEA). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in fiscal year 2005 as compared to the amounts the Council received in fiscal year 2004.

**Note 14 - RISK MANAGEMENT**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

**Note 15 - CAPITAL LEASE OBLIGATIONS**

During the fiscal year, the Council entered into capital leases for two copy machines. The economic substance of these leases is that the Council is financing the acquisition of the equipment through the leases and, accordingly, the equipment is recorded as assets and the leases are recorded as liabilities. The capitalized cost of these assets is \$9,451.

Lease #1 commenced on September 19, 2003 for a period of 60 months. This new lease replaced an operating lease for a copier that was originally scheduled to be in effect until December 2004. The new lease requires a monthly payment of \$163.49 and has an imputed interest rate of 10.5%.

Lease #2 commenced on March 24, 2004 for a period of 60 months. This lease requires monthly payments of \$49.62, and has an imputed interest rate of 20.75%.

**Exhibit F**  
**(Continued)**

**Note 15 - CAPITAL LEASE OBLIGATIONS - (Continued)**

Changes in the capital lease obligations for the year ended June 30, 2004 are as follows:

Balance June 30, 2003	Principal Additions	Principal Retirements	Balance June 30, 2004
<u>\$ -</u>	<u>\$ 9,451</u>	<u>\$ (751)</u>	<u>\$ 8,700</u>

Future minimum payments under capital leases as of June 30, 2004 for each of the remaining years and in the aggregate are as follows:

Year Ended <u>June 30,</u>	<u>Lease #1</u>	<u>Lease #2</u>	<u>Total</u>
2005	\$ 1,962	\$ 595	\$ 2,557
2006	1,962	595	2,557
2007	1,962	595	2,557
2008	1,962	595	2,557
2009	817	448	1,265
	8,665	2,828	11,493
Less: Amount representing interest	(1,755)	(1,038)	(2,793)
Present value of minimum lease payments	<u>\$ 6,910</u>	<u>\$ 1,790</u>	<u>\$ 8,700</u>

**Note 16 - OPERATING LEASE COMMITMENTS**

The Council entered into another lease for a telephone system beginning on January 1, 2002 for a period of 60 months. The lease requires a monthly payment of \$118.71. As part of the agreement, the equipment manufacturer, Avaya, agreed to pay the first three months of the lease for the Council. Accordingly, the Council's obligation for monthly payments began April 1, 2002. For fiscal year 2004, the Council paid and reported \$1,425 as expenditures relating to this lease.

**Note 16 - LEASE COMMITMENTS - (Continued)**

Future minimum lease payments under this lease by year and in the aggregate are as follows:

Years Ending <u>June 30</u>	<u>Amounts</u>
2005	\$ 1,425
2006	1,425
2007	<u>592</u>
Total minimum lease payments	<u><u>\$ 3,442</u></u>

**Note 17 - RELATED PARTY TRANSACTIONS**

There were not any related party transactions during the fiscal year.

**Note 18 - ON-BEHALF PAYMENTS OF FRINGE BENEFITS**

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law requires the Council to bear a pro-rata share of the pension expense relating to the public employees of St. John the Baptist Parish that participate in the Parochial Retirement System. The Council's pro-rata share of the required contribution was \$6,995, which was withheld by the Parish's Sheriff to satisfy the Council's obligation. The amount withheld by the Sheriff has been included as an "intergovernmental" expenditure of the General Fund in these financial statements. As described in Note 3, the Council has also increased its property tax revenues by the same amount of the intergovernmental expenditure. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

**Exhibit F**  
**(Continued)**

**Note 19 - INTERFUND TRANSFERS**

Operating transfers to and from the various funds are as follows for the fiscal year:

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ 0	\$ 89,288
Title III C-1 Fund	0	36,986
Title III C-2 Fund	0	45,132
Nonmajor Funds:		
Title III D Fund	0	556
Title III E Fund	0	487
Senior Center	0	1,023
Audit Fund	0	7,861
Total General Fund	0	181,333
Title III B Fund:		
General Fund	\$ 89,288	\$ 0
Nonmajor Funds:		
Supplemental Sr. Center Fund	3,825	0
Total Title III B Fund	93,113	0
Title III C-1 Fund:		
General Fund	\$ 36,986	\$ 0
Total Title III C-1 Fund	36,986	0
Title III C-2 Fund:		
General Fund	\$ 45,132	\$ 0
NSIP Fund	20,865	0
Total Title III C-2 Fund	65,997	0
Nonmajor Funds:		
General Fund	\$ 9,927	\$ 0
Title III B Fund	0	3,825
Title III C-2 Fund	0	20,865
Total for Nonmajor Funds	9,927	24,690
Grand Totals	\$ 206,023	\$ 206,023

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 20 - CHANGE IN ACCOUNTING PRINCIPLE**

As stated in Note 1c, the Council was required to implement GASB Statement 34 for this fiscal year. As a result of the required implementation, the Council had to determine a "net asset" amount as of June 30, 2003 to present in this year's Statement of Activities. To determine the net asset amount, the Council started with its total governmental fund balances at June 30, 2003 and made some adjustments to that total to convert the fund balance amount to a net asset amount. The conversion details are as follows:

Total fund balances of governmental funds at June 30, 2003	\$ 159,392
Add: Deferred property taxes at June 30, 2003	7,417
Add: Cost of capital assets at June 30, 2003	193,286
Less: Accumulated depreciation at June 30, 2003	<u>(156,527)</u>
Net assets at June 30, 2003	<u><u>\$ 203,568</u></u>

**REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34**

# Budgetary Comparison Schedule - General Fund

## St. John Parish Council on Aging LaPlace, Louisiana

For the year ended June 30, 2004

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	GAAP Basis	Favorable (Unfavorable)
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 18,120	\$ 21,048	\$ 2,928
Property Taxes	171,509	172,491	982
Public Support - unrestricted	6,500	10,000	3,500
Interest Income	2,200	2,428	228
Total Revenues	198,329	205,967	7,638
<b>EXPENDITURES</b>			
Current:			
Personnel	0	0	0
Fringe	0	0	0
Travel	0	0	0
Operating Services	0	0	0
Operating Supplies	0	0	0
Other Costs	0	293	(293)
Capital Outlays	6,720	16,171	(9,451)
Debt Service - Capital leases	0	1,294	(1,294)
Intergovernmental	5,200	6,995	(1,795)
Total Expenditures	11,920	24,753	(12,833)
Excess of revenues over expenditures	186,409	181,214	(5,195)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	0	0	0
Transfers out	(193,129)	(181,333)	11,796
Other financing sources- Capital lease	0	9,451	9,451
Total other financing sources and uses	(193,129)	(171,882)	21,247
Net increase (decrease) in fund balance	\$ (6,720)	9,332	\$ 16,052
<b>FUND BALANCE</b>			
Beginning of year		155,885	
End of year		\$ 165,217	

See notes to required supplementary information.

# Budgetary Comparison Schedule - Title III B Fund

## St. John Parish Council on Aging LaPlace, Louisiana For the year ended June 30, 2004

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 50,115	\$ 50,115	\$ 0
Public Support	2,500	1,464	(1,036)
Total Revenues	52,615	51,579	(1,036)
<b>EXPENDITURES</b>			
Current:			
Personnel	71,736	75,310	(3,574)
Fringe	13,575	14,303	(728)
Travel	670	557	113
Operating Services	53,536	36,359	17,177
Operating Supplies	9,923	16,003	(6,080)
Other Costs	1,186	586	600
Full Service Contracts	1,574	1,574	0
Total Expenditures	152,200	144,692	7,508
Excess of expenditures over revenues	(99,585)	(93,113)	6,472
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	99,585	93,113	(6,472)
Transfers out	0	0	0
Total other financing sources and uses	99,585	93,113	(6,472)
Net increase (decrease) in fund balance	\$ 0	0	\$ 0
<b>FUND BALANCE</b>			
Beginning of year		0	
End of year		\$ 0	

See notes to required supplementary information.

**Budgetary Comparison Schedule - Title III C-1 Fund**

**St. John Parish Council on Aging  
LaPlace, Louisiana  
For the year ended June 30, 2004**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>GAAP Basis</u>	
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 38,849	\$ 38,849	\$ 0
Public Support	14,000	12,779	(1,221)
Total Revenues	52,849	51,628	(1,221)
<b>EXPENDITURES</b>			
Current:			
Personnel	9,729	9,545	184
Fringe	2,560	2,728	(168)
Travel	109	107	2
Operating Services	15,951	8,005	7,946
Operating Supplies	6,243	6,473	(230)
Other Costs	803	794	9
Meals	60,962	60,962	0
Total Expenditures	96,357	88,614	7,743
Excess of expenditures over revenues	(43,508)	(36,986)	6,522
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	43,508	36,986	(6,522)
Transfers out	0	0	0
Total other financing sources and uses	43,508	36,986	(6,522)
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

## Budgetary Comparison Schedule - Title III C-2

### St. John Parish Council on Aging LaPlace, Louisiana For the year ended June 30, 2004

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 29,247	\$ 29,247	\$ 0
Public Support	7,500	7,025	(475)
	<u>36,747</u>	<u>36,272</u>	<u>(475)</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
Personnel	28,970	25,285	3,685
Fringe	5,651	5,292	359
Travel	6,119	7,265	(1,146)
Operating Services	9,251	10,499	(1,248)
Operating Supplies	6,776	5,553	1,223
Other Costs	582	591	(9)
Meals	47,784	47,784	0
	<u>105,133</u>	<u>102,269</u>	<u>2,864</u>
Total Expenditures			
Excess of expenditures over revenues	<u>(68,386)</u>	<u>(65,997)</u>	<u>2,389</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	68,386	65,997	(2,389)
Transfers out	0	0	0
	<u>68,386</u>	<u>65,997</u>	<u>(2,389)</u>
Total other financing sources and uses			
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### ST. JOHN PARISH COUNCIL ON AGING LaPLACE, LOUISIANA

JUNE 30, 2004

#### NOTE 1 - BUDGETARY REPORTING

The budget information presented in this section of required supplementary information applies to "Major" governmental funds for which annual budgets were adopted. Budgetary information for "Nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each program's grant award.
- Projections are made of property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- The revenue information supplied by GOEA and the Parish Assessor are considered by management along with revenue projections of grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(Continued)**

- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director prepares a proposed budget based on the projections. The proposed budget is reviewed and approved by the Council's Finance Committee before it is submitted to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board of directors meeting before May 31 of the current fiscal year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs for compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically re-budget funds in the next fiscal year to complete the grant or contract.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments if any. There were no approved budget amendments for the year ended June 30, 2004. So the "original" budget presented in the accompanying schedules is also the "final" budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(Continued)**

- The Council may transfer funds between line items as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state and local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities may not be budgeted, particularly if they are deemed to be immaterial by management.

**NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT:**

The budgeted operating deficit of \$6,720 in the Council's General Fund for fiscal year 2004 represents the Council's local match for a van that was purchased under a contract the Council had with DOTD. The \$6,720 was remitted in FY2003 as a deposit but the contract was not fulfilled until FY2004. As a result, the expenditure was recognized in this fiscal year. When contracts like this one are not fulfilled in one year, management automatically re-budgets the expenditure in next year's budget. The funds to pay for this match were reserved last year so that the Council would have them available this year to cover the budgeted operating deficit. As a result, the fund balance was sufficient to absorb the FY 2004 operating deficit.

**SUPPLEMENTARY INFORMATION REQUIRED BY  
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**

St. John Parish Council on Aging  
LaPlace, Louisiana

For the year ended June 30, 2004

	Title III C AAA	Title III D	Title III E	Senior Center	Supple. Senior Center	N.S.I.P.	FTA	Audit	Utility Assistance	Totals
<b>REVENUES</b>										
Intergovernmental:										
Governor's Office of Elderly Affairs	\$ 11,828	\$ 1,925	\$ 13,871	\$ 22,390	\$ 3,825	\$ 20,865	\$ 0	\$ 1,141	\$ 0	\$ 75,845
Louisiana Department of Transportation	0	0	0	0	0	0	26,881	0	0	26,881
Public support:										
Various utility companies	0	0	0	0	0	0	0	0	7,398	7,398
Total revenues	11,828	1,925	13,871	22,390	3,825	20,865	26,881	1,141	7,398	110,124
<b>EXPENDITURES</b>										
Health, Welfare, & Social Services:										
Current:										
Personnel	4,699	267	1,547	18,876	0	0	0	0	0	25,389
Fringe	1,236	76	442	2,062	0	0	0	0	0	3,816
Travel	53	3	17	28	0	0	0	0	0	101
Operating Services	5,090	224	1,297	2,115	0	0	0	0	0	8,726
Operating Supplies	600	27	155	252	0	0	0	0	0	1,034
Other Costs	150	9	49	80	0	0	0	9,002	0	9,290
Full service contracts	0	1,875	10,851	0	0	0	0	0	0	12,726
Utility Assistance	0	0	0	0	0	0	0	0	9,338	9,338
Capital Outlay	0	0	0	0	0	0	26,881	0	0	26,881
Total expenditures	11,828	2,481	14,358	23,413	0	0	26,881	9,002	9,338	97,301
Excess of revenues over (under) expenditures	0	(556)	(487)	(1,023)	3,825	20,865	0	(7,861)	(1,940)	12,823
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating transfers in	0	556	487	1,023	0	0	0	7,861	0	9,927
Operating transfers out	0	0	0	0	(3,825)	(20,865)	0	0	0	(24,690)
Net increase (decrease) in fund balances	0	0	0	0	0	0	0	0	(1,940)	(1,940)
<b>FUND BALANCE (DEFICIT)</b>										
Beginning of year	0	0	0	0	0	0	0	0	3,507	3,507
End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,567	\$ 1,567

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS  
AND CHANGES IN CAPITAL ASSETS**

**St. John Parish Council on Aging  
St. John, Louisiana  
For the year ended June 30, 2004**

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
<b><u>Capital Assets</u></b>				
Vehicles	\$ 169,823	\$ 33,601	\$ 0	\$ 203,424
Computer equipment	1,621	0	0	1,621
Capital leases- office equipment	0	9,451	0	9,451
Recreation equipment	3,221	0	0	3,221
Leasehold improvements	18,621	0	0	18,621
Total capital assets	<u>\$ 193,286</u>	<u>\$ 43,052</u>	<u>\$ 0</u>	<u>\$ 236,338</u>
<b><u>Investment in Capital Assets</u></b>				
Property acquired with funds from -				
Local	\$ 58,767	\$ 16,171	\$ 0	\$ 74,938
Senior Center	1,386	0	0	1,386
FTA	133,133	26,881	0	160,014
Total investment in capital assets	<u>\$ 193,286</u>	<u>\$ 43,052</u>	<u>\$ 0</u>	<u>\$ 236,338</u>

# NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

14481 OLD HAMMOND HIGHWAY, SUITE 4

BATON ROUGE, LA 70818

(225) 272-1177

MEMBER OF THE  
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE  
AMERICAN INSTITUTE OF CPAs

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,  
St. John Parish Council on Aging  
LaPlace, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. John Parish Council on Aging, LaPlace, Louisiana, (the Council) as of and for the year ended June 30, 2004, which collectively comprise the Council's basic financial statements and have issued my report thereon dated October 28, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to the management of the Council in a separate letter dated October 28, 2004.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Council's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items IC -1 and IC -2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Council's finance committee, board of directors, management, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Baton Rouge, Louisiana,  
October 28, 2004.



Neil G. Ferrari, CPA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### St. John Parish Council on Aging LaPlace, Louisiana

For the year ended June 30, 2004

I have audited the financial statements of the St. John Parish Council on Aging, LaPlace, Louisiana as of and for the year ended June 30, 2004, and have issued my report thereon dated October 28, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

#### Section I - Summary of Auditor's Reports

##### a. Report on Internal Control and Compliance Material to the Financial Statements

###### Internal Control:

Material Weaknesses      ☐ Yes ☒ No  
Reportable Conditions    ☒ Yes ☐ No

###### Compliance:

Compliance Material to Financial Statements      ☐ Yes ☒ No

##### b. Federal Awards

Federal award expenditures were less than \$500,000. Accordingly, this section is not applicable.

##### c. Identification of Major Programs

This section is not applicable.

##### d. Management Letter

The auditor issued a management letter      ☒ Yes ☐ No

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** **(Continued)**

### **Section II - Financial Statement Findings and Questioned Costs**

#### **Internal Control Weaknesses – Reportable Conditions**

#### **Finding IC-1: Findings From the FY 2003 and FY 2002 Audits Have Not Been Resolved and Continue to Repeat Themselves.**

##### **Subpart A: Minutes Do Not Adequately Document Board Approvals**

In the management letters for FY 2002 and FY 2003, I noted that the budgets and budget amendments were not specifically approved in the minutes.

The Board minutes for May 19, 2004 document that the budget for FY 2005 was presented and discussed, but they do not document that a vote was taken and the budget was approved. I know the budget was approved because a resolution approving the budget is required in the budget package sent to GOEA. This does not, however, take the place of properly prepared minutes.

There were no recorded votes on any issue or action in any of the Board minutes for FY 2004. As I stated in the FY 2003 management letter, the minutes should document all actions and authorizations made by the board and should list who votes "for" or "against" each action.

In addition, no minutes were taken at the February 18, 2004 Board meeting because the Secretary was absent. Minutes must always be taken at all board meetings.

I offered additional oral recommendations about the Board meetings during the audit for FY 2003. All of the recommendations were implemented except for the recommendation that the minutes show both the beginning and ending time of the meetings.

**Auditor's Recommendation:** I recommend that (1) the appropriate minutes be edited to reflect the proper approval of the FY 2005 budget, (2) the new Secretary review all minutes since she took office and edit any that do not adequately document the Board's actions, (3) board members should review the minutes for any undocumented actions before approving the minutes from the prior meeting, and (4) the Board discuss its responsibility to properly document its actions to assure compliance at future meetings.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

### **Subpart B: Procedural Breakdowns Were Noted in the Council's Internal Controls**

There is a pattern of procedural breakdowns that have been pointed out to the Council in prior years that have not been adequately resolved, in my opinion. As in past audits, these breakdowns had no adverse impact on the financial statements because we expanded our audit procedures, which led to adjustments that prevented the financial statements from being materially misstated. However, these breakdowns should not occur and could have been prevented if appropriate action had been taken. Rather than list all the breakdowns and their related details in this letter, I provided the Council's management a detailed list of the specific breakdowns I found during this year's audit.

**Auditor's Recommendation:** I recommend that the Council's Executive Director review the list of breakdowns and develop a plan of action to remedy each one. To assure the Board that progress is being made, the Board should receive monthly progress reports from the Executive Director, or another designated person, until the Board is satisfied that all the procedural breakdowns have been corrected. These reports should be part of every Board agenda and the progress and results documented in the Board minutes.

### **Finding IC-2: Agreements with Subcontractors Do Not Adequately Document the Understanding of Important Terms Between the Council and the Subcontractors.**

- A. The contract with Capital Area Legal Services Corporation (CALSC) states that CALSC will be paid \$1,573.64 per year for client counseling, representation and community legal education but does not include any requirement for the number of units of service to be provided.
- B. The contract with Marsha Piacun/ New Orleans Nutrition Specialist provides for payment of \$1,920 at the rate of \$20 per hour. However, in FY 2004 the Council paid \$2,160 under this contract. The Executive Director said the \$2,160 was the intended contract amount and that the written contract was incorrect.
- C. The contract with "An Angel's Touch of La. Inc." for medication management is for \$1,875, but does not list what services will be provided or give a cost per unit. The Council's accountant allocated the payment under this contract between Title III D Medication Management and Title III D Wellness, but this allocation was not supported by the contract or bills submitted by the subcontractor.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

- D. The contract for Title III E services is also with "An Angel's Touch of La. Inc." It is entitled as a contract for "Elderly Personal Care Attendant Services" but states in the third paragraph that it is for "*medication management*", which leads me to believe that it was copied from the Title III D contract and the purpose was not changed in error. As with the Title III D contract, this contract does not list what services will be provided or give a cost per unit. The Council's accountant allocated the payments between Title III E In-home Respite and Sitter Services but the allocation was not based on actual services rendered.

**Auditor's Recommendation:** *I recommend that the Executive Director review each FY 2005 contract for accuracy and completeness. Any incomplete contract should be amended. If problems are encountered with determining the correct language to use in the contracts, then they should get some legal help to assure management that the Council clearly sets forth the terms of the contract, its intentions, and its expectations. I also recommend that the Executive Director report to the Board when this review has been completed. This report should be documented in the Board minutes.*

### Section III - Federal Award Findings and Questioned Costs

This section is not applicable.

## **SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**St. John Parish Council on Aging  
LaPlace, Louisiana**

**For the year ended June 30, 2004**

### **Section I - Internal Control and Compliance Deficiencies Material to the Financial Statements**

There were no findings reported for this section in last year's audit report.

### **Section II - Internal Control and Compliance Deficiencies Material to Federal Awards**

There were no findings reported for this section in last year's audit report.

### **Section III - Management Letter**

#### **Internal Control Weaknesses**

#### **Finding IC-1: Incomplete Minutes**

**Auditor's Finding:** Minutes Were Not Documented When the Board Approved the Original Budget and Subsequent Amendments (also a finding in the FY2002 audit) - The auditor found that the original budget and subsequent amendment approvals were not being documented in the minutes.

**Management's Corrective Action:** First, all budgets and budget revisions are required to be approved and documented using separate written resolutions. As a result, we have always substantively complied with the budget approval/amendment process. However, we acknowledge that for FY 2004 we did not properly document the approval of our budget in the board minutes as recommended by the auditor for the past two years. Recently, we have elected a new Secretary to the Board of Directors and will alert her to this repeat finding so that it can be resolved during FY 2005. Status: Unresolved.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**(Continued)**

**Finding IC-2: Procedural Breakdowns**

**Auditor's Finding: Procedural Breakdowns Were Noted in the Council's Internal Control (also a finding in the FY2002 audit)** - During the audit, the auditor discovered several procedural breakdowns in the Council's internal control and commented they were part of a pattern of errors that had been occurring over the past two years. A GOEA auditor also noted similar findings.

**Management's Corrective Action:** We have reviewed the list of findings presented by the auditor and GOEA's representative. Some of the procedural breakdowns were corrected and some were not. We acknowledge not having fully addressed this area of deficiency and will be more proactive in FY05. Status: Unresolved.

**Finding IC-3: Fraud Prevention and Detection**

**Auditor Findings** - The auditor found that the Council's management was not taking a proactive approach to preventing and detecting fraud within the organization. He alerted management to various areas where fraud could occur in a typical council on aging. He did not specifically identify any instances of fraud but wanted to encourage management to be more responsive and alert in this area.

**Management's Corrective Action:** The Council's board appointed a specific person to be the auditor liaison to discuss matters with him on a confidential basis. The board has developed and adopted new policies and procedures to strengthen management's ability to prevent and detect fraud. Management believes that the Council has taken the action intended by the auditor and considers this matter resolved. Management will continue to be alert to areas where it can be proactive in preventing and detecting fraud. Status: Resolved - no further action.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**(Continued)**

**Noncompliance**

**Finding NC-1: Council's Books Disagree With Final GOEA Reports**

**Auditor's Finding: Amounts on Final GOEA Reports Did Not Agree With Amounts n the Council's Books (also a finding in the FY2002 audit)** – The auditor discovered that the amounts on the reports to state and local agencies did not agree to the books of original entry before audit adjustments. He found that the outside CPA firm that prepares the reports for the Council does not check the results back to the books of original entry.

**Management's Corrective Action:** We discussed this deficiency with the outside CPA firm that prepares our reports and asked them to use a procedure that will ensure that the reports are representative of the amounts as they appear on the books of original entry. However, the auditor noted repeat instances where errors were made either in bookkeeping or filling out the reports in FY 2004. The auditor plans to call the CPA firm that does our monthly bookkeeping and advise them on how to remedy this weakness. Status: Unresolved.

# NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

14481 OLD HAMMOND HIGHWAY, SUITE 4

BATON ROUGE, LA 70816

(225) 272-1177

MEMBER OF THE  
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE  
AMERICAN INSTITUTE OF CPAs

October 28, 2004

To the Board of Directors  
St. John Parish Council on Aging  
LaPlace, Louisiana

I have audited the financial statements of St. John Parish Council on Aging, LaPlace, Louisiana, as of and for the year ended June 30, 2004, and have issued my report thereon dated October 28, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of my audit, I also issued a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants, dated October 28, 2004.

During the course of my audit, I became aware of the following matters, which represent immaterial instances of noncompliance. I will report on the status of management's corrective action of these items in next year's audit.

## Noncompliance

### **Finding NC-1: The Council Appears to Have Violated One of the GOEA Earmarking Percents Under the Title III E Program.**

For the Title III E program, GOEA requires that at least 40% of the grant be spent on respite services and no more than 20% on supplemental services. On the final report filed with GOEA for the Title III E program, these earmarking percents appear to have been met.

However, during my review of the costs charged to this program and how they were reported, I noted errors had been made in bookkeeping and reporting which, after adjustment, now result in the Council exceeding the 20% threshold for supplemental services.

The errors were caused by the Council's accounting clerk not classifying the costs incurred in this program based on actual occurrences. Further, when the Council's accountant, a local CPA firm, prepared the monthly and final GOEA reports for this program, the amounts that had been recorded were allocated using a method different than how they had been initially recorded, such method also being an incorrect one to have used.

Based on my analysis, I have prepared the following charts to present a comparison of the reported costs to the manner in which I believe the costs should have been reported. Also, I have presented an estimate of how much the Council exceeded the allowable earmarking threshold. This estimate represents the possible adverse effect of this finding on the Council's financial statements.

	Units of Service	Percent	Direct Contract Expenses	Indirect Cost Allocation	Actual Total Expenses	Amount on Final GOEA Report
Respite	264	58.54%	\$ 6,352	\$ 2,053	\$ 8,405	\$ 12,658
Sitter	187	41.46%	4,499	1,454	5,953	1,726
	<u>451</u>	<u>100.00%</u>	<u>\$ 10,851</u>	<u>\$ 3,507</u>	<u>\$ 14,358</u>	<u>\$ 14,384</u>

#### Sitter Services

Maximum amount:

GOEA grant (\$13,871)\* 20% \$ 2,774

Less: Actual (5,953)

Excess (3,179)

Local funds transfered in 487

Estimated excess supplemental costs \$ (2,692)

**Auditor's Recommendation:** The Council receives documentation from the subcontractor each month that is used to record units of service for Title III E In-home Respite and Sitter Services. This information should be given to the accounting clerk so that she can properly determine the actual costs of each service type. The accountant should not alter how the account clerk has classified the costs charged to In-home Respite and Sitter Services, except to correct an error. Further, to detect future errors, the accounting clerk should document on the face of the invoice submitted by the subcontractor, the number of units the subcontractor provided for each type of service. The units will serve as the basis for allocating the costs. This will leave a trail for the accountant to review and determine if errors have been made in the initial classification of the costs. Finally, because this recommendation is being made several months after the start of FY 2005, the accountant should review how the costs have been charged to this program since July 1 and correct any errors.

## **Finding NC-2: Reports Filed With GOEA Were Not Correct**

The Council is required to file monthly, quarterly, and annual reports with GOEA. The reports should be completed using actual amounts from the Council's books of original entry.

I reported in the findings for the FY 2002 and FY 2003 audits that amounts on the final GOEA reports did not agree with amounts in the Council's books. The same finding has repeated itself in FY 2004.

One of the reasons that the final FY 2004 reports do not agree with the audit is because I made several adjustments to correct errors in bookkeeping or transaction processing that I noted during the audit.

A second reason was caused by the method used by the Council's accountant to adjust the books of original entry to match the final GOEA reports. The GOEA reports, for some programs, had been prepared based on the accountant using a separate spreadsheet allocation instead of actual results. So, by adjusting the books to agree with the spreadsheet and the reports, the actual occurrence of events (the books) were changed to incorrectly reflect something different than what actually happened. This error in preparing the reports caused me to expand my substantive procedures and resulted in me having to propose several journal entries to correct the mistakes.

Except for the possible adverse affect upon the Council's financial statements mentioned in NC-1 above, the matter of noncompliance, as it relates to not properly completing the GOEA reports, did not affect any other program of the Council, and should not result in any money having to be returned to GOEA. Further, the journal entries I proposed to correct the bookkeeping errors were accepted by the Council's management and prevented the financial statements from being materially misstated.

**Auditor's Recommendation:** I again recommend that the person who prepares future GOEA reports re-examine the method used to prepare them to locate formula or logic errors. I will also discuss the report preparation process this with the appropriate person at the outside CPA firm who prepares the GOEA reports to help them prevent future errors.

This report is intended solely for the use of the Council's Board of Directors, finance committee, management, pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Neil Ferrari, CPA". The signature is written in a cursive, flowing style.

Neil G. Ferrari, CPA

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**St. John Parish Council on Aging  
LaPlace, Louisiana  
June 30, 2004**

To the following oversight agencies for audit:

State: Legislative Auditor of the State of Louisiana; and the Governor's Office of Elderly Affairs.

St. John Parish Council on Aging, LaPlace, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm: Neil G. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

Audit period: For the year ended June 30, 2004.

The findings from the June 30, 2004 Schedule of Findings and Questioned Costs and Management Letter are discussed below.

### **1. REPORTABLE CONDITIONS IN INTERNAL CONTROL**

**Finding IC-1: Findings From the FY 2003 and FY 2002 Audits Have Not Been Resolved and Continue to Repeat Themselves.**

**Management's Response:** Prior to the audit, we believed we had made significant progress in rectifying the findings from prior years. We acknowledge that significant problem areas still exist and the Executive Director and the Board will work together to implement all of the auditor's recommendations.

**Finding IC-2: Agreements with Subcontractors Do Not Adequately Document the Understanding Between the Council and the Subcontractors.**

**Management's Response:** We acknowledge the problems pointed out by the auditor and will review all FY 2005 contracts and amend any with similar problems.

### **2. INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES MATERIAL TO FEDERAL AWARDS**

There were no findings reported.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**(Continued)**

**3. MANAGEMENT LETTER**

**Noncompliance**

**Finding NC-1: The Council Appears to Have Violated One of the Earmarking Percents Under the Title III E Program.**

**Management's Response:** We will use actual costs, based on units of service, to record expenses for the various Title III E services for FY 2005. We will review all entries made to date for these programs and make adjustments, if necessary.

**Finding NC-2: Reports Filed With GOEA Were Not Correct.**

**Management's Response:** We were not aware, nor was the outside CPA firm aware, that the method used to prepare the GOEA reports produced inaccurate reports in some cases. Now that more details have been given to us about how the errors occurred, we will re-examine our reporting process to correct any deficiencies. We appreciate our auditor discussing this problem directly with the outside CPA who does our bookkeeping. It is and has always been our intention to file accurate reports with GOEA.

If you have any questions regarding this plan, please call Barbara Gralapp, the Council's Executive Director, at (985) 652-3660.